



6TH GLOBAL PENSION & SAVINGS CONFERENCE

SESSION 6 - INVESTMENTS IN PRACTICE: FROM BROAD INVESTMENT STYLES TO PRACTICAL INFRASTRUCTURE PROJECTS

APRIL 2014

WHAT ARE INFRASTRUCTURE FUNDS?

- **No uniform definition of infrastructure**
- **Infrastructure investing covers a wide range of different project types with different risk-return profiles**
 - Industry sectors
 - Stage of development
 - Leverage
 - Elasticity of demand
 - Political risk

WHAT ARE INFRASTRUCTURE FUNDS?

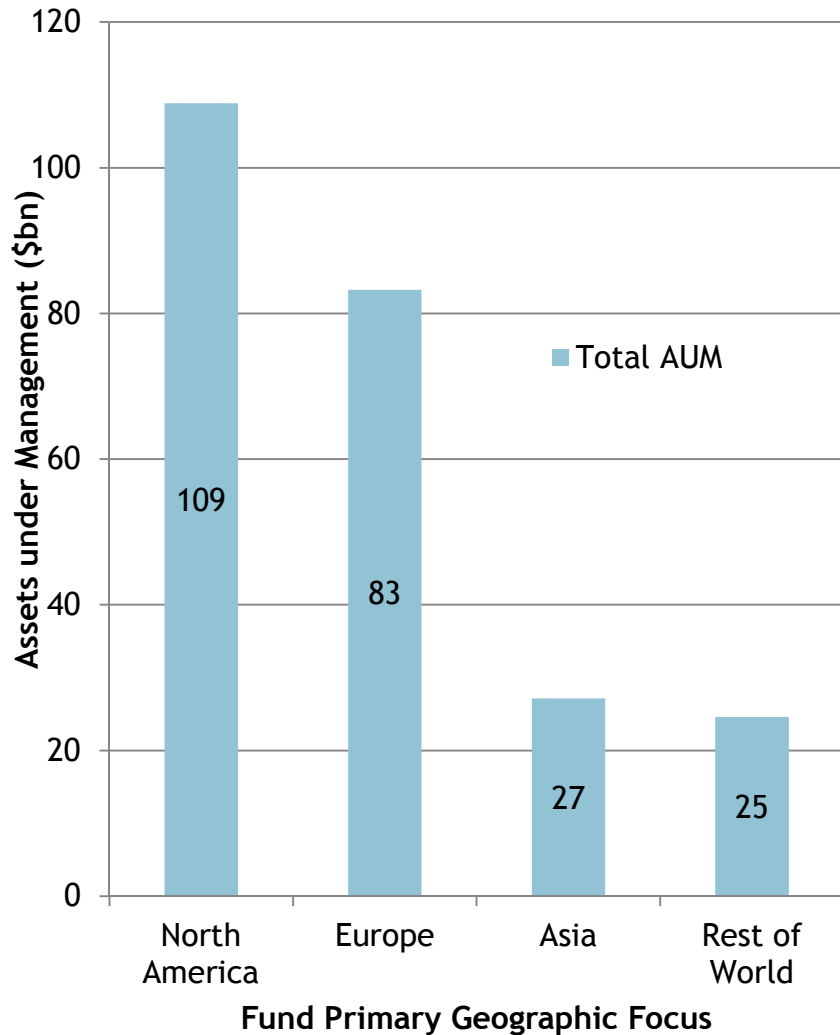
- **No clearly established fund standard**
 - Traditional PE fund structures with 10-year maturities
 - Open-ended or evergreen structures
 - Hybrid structures
 - Pricing of infrastructure funds
 - Co-investments
- **The fund market is still in the early stage of its development**
 - “One size will not fit all”

WHAT ARE INFRASTRUCTURE FUNDS?

- **The options that are available to fund investors are determined by what is available in the fund market**
 - Fund offerings may not yet fully reflect the needs of institutional investors
- **Similarities among funds in the market:**
 - Most are focused on developed countries
 - Many sponsored vehicles – but strong growth in number of independent managers
 - Limited track record – many first or second time funds
 - Brownfield investment strategies
 - Predominantly private equity type closed-ended funds

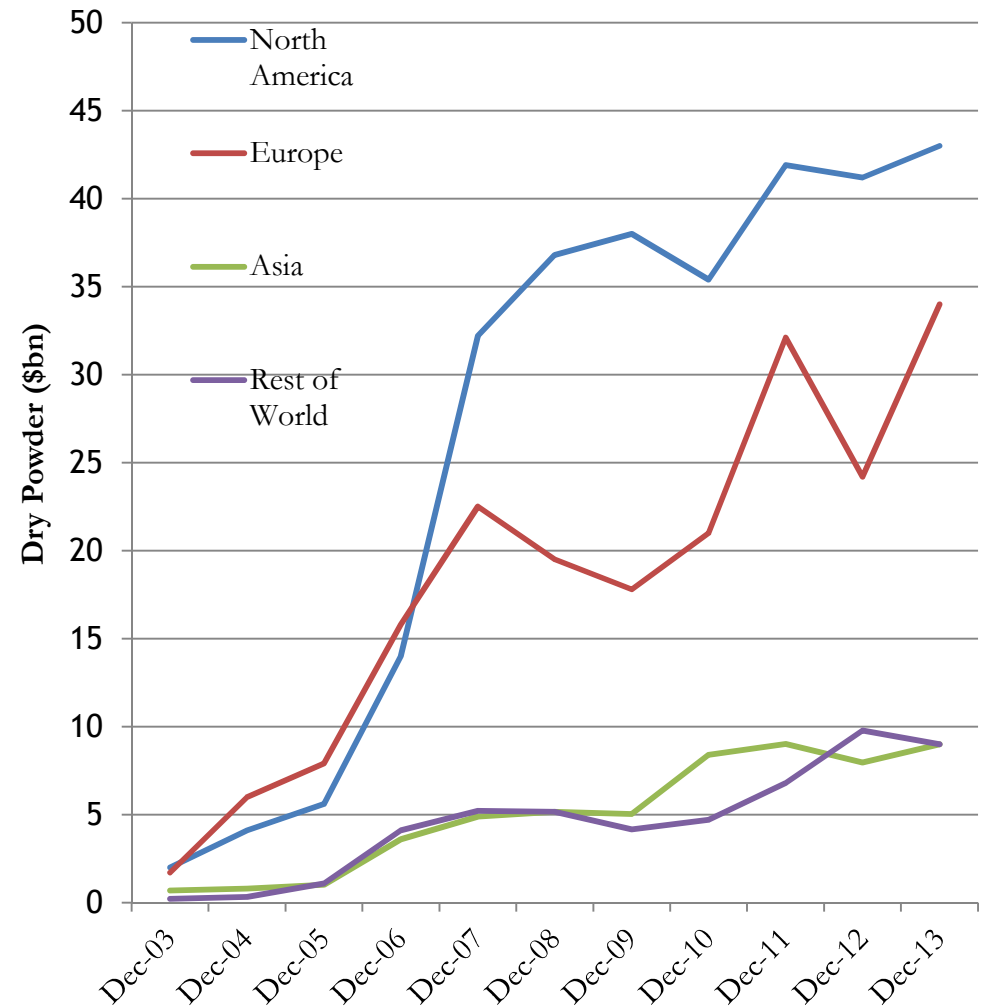
WHAT ARE INFRASTRUCTURE FUNDS?

Infrastructure Assets under Management by Fund Primary Geographic Focus as of June 2013



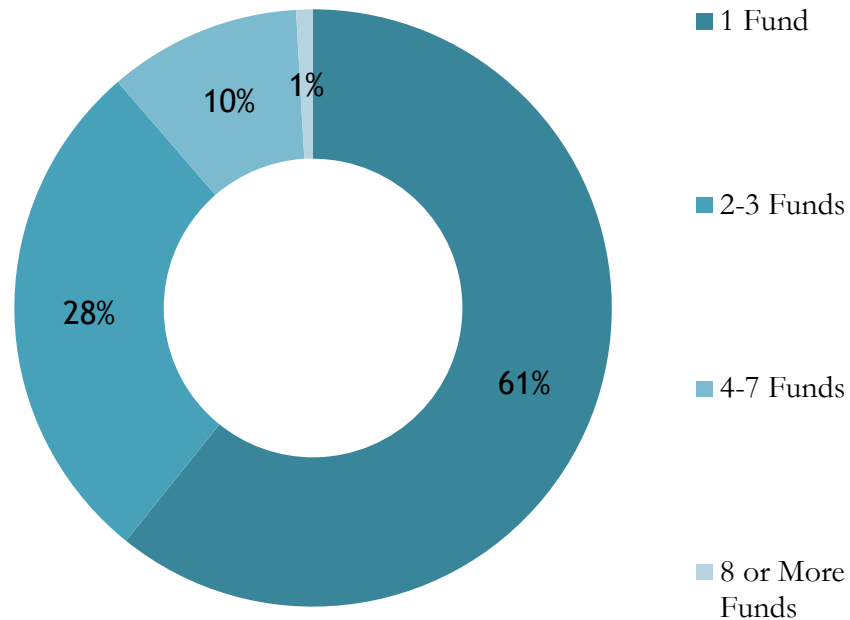
Source: Preqin Global Infrastructure Report

Unlisted Infrastructure Dry powder by Fund Primary Geographic Focus

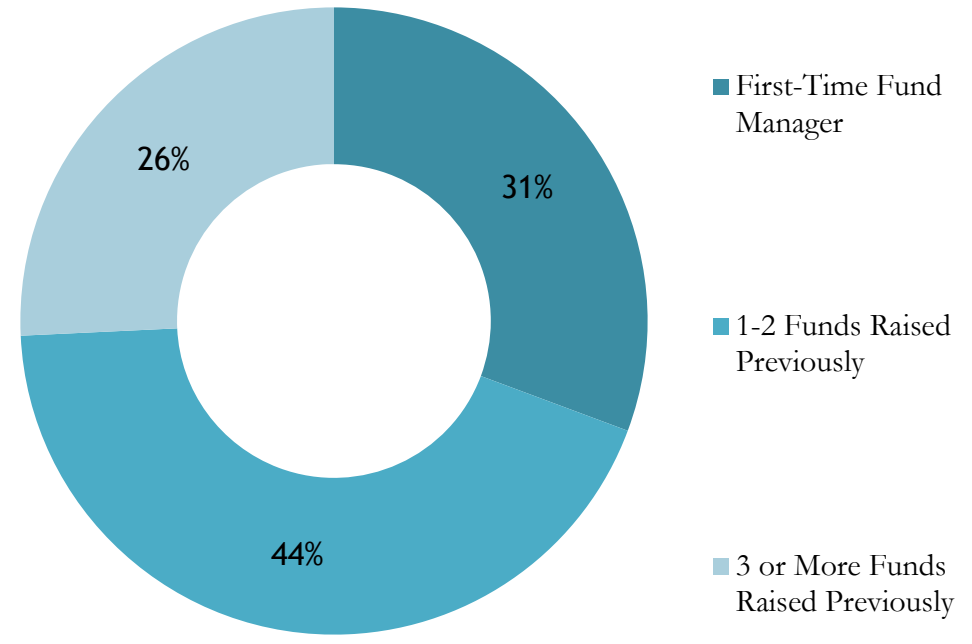


WHAT ARE INFRASTRUCTURE FUNDS?

Breakdown of Infrastructure Fund Managers by Number of Funds Managed



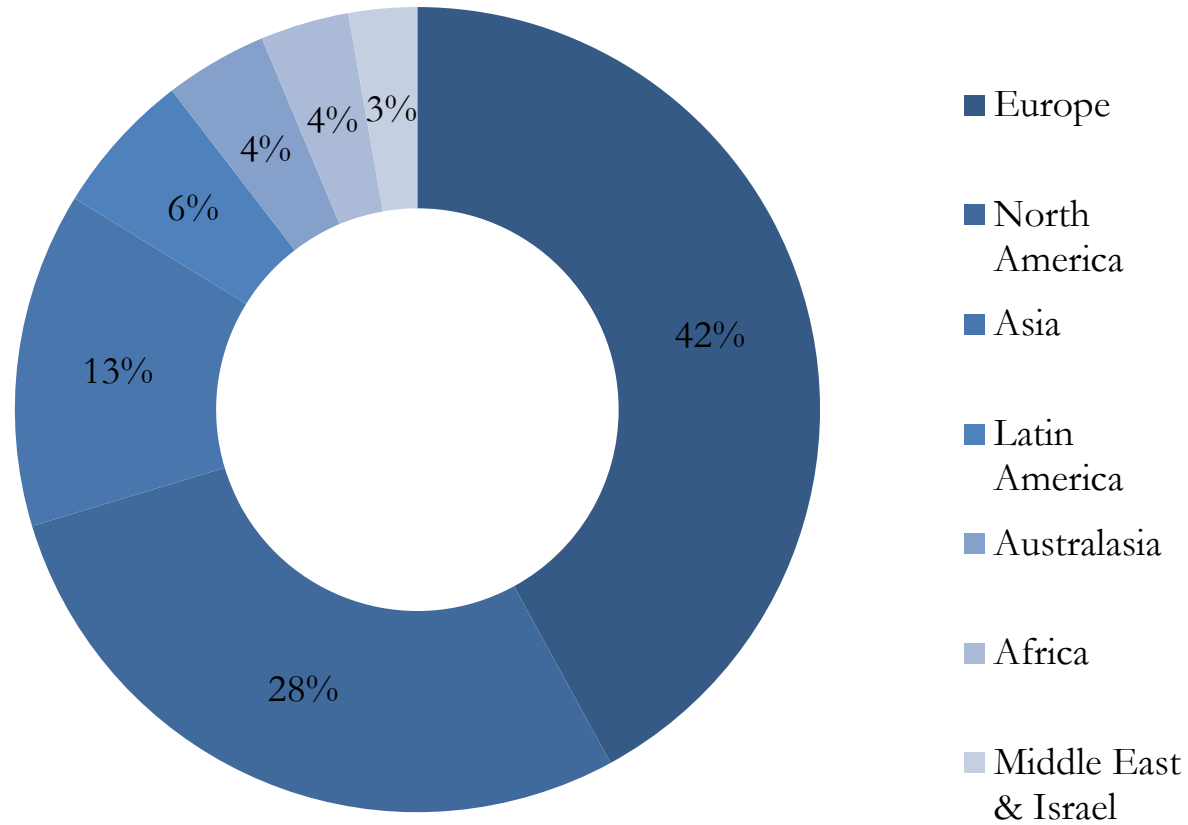
Breakdown of Aggregate Capital Targeted by Unlisted Infrastructure Funds in Market by Fund Manager Experience



Source: Preqin Global Infrastructure Report

WHAT ARE INFRASTRUCTURE FUNDS?

Breakdown of Infrastructure Fund Managers by Location of Headquarters



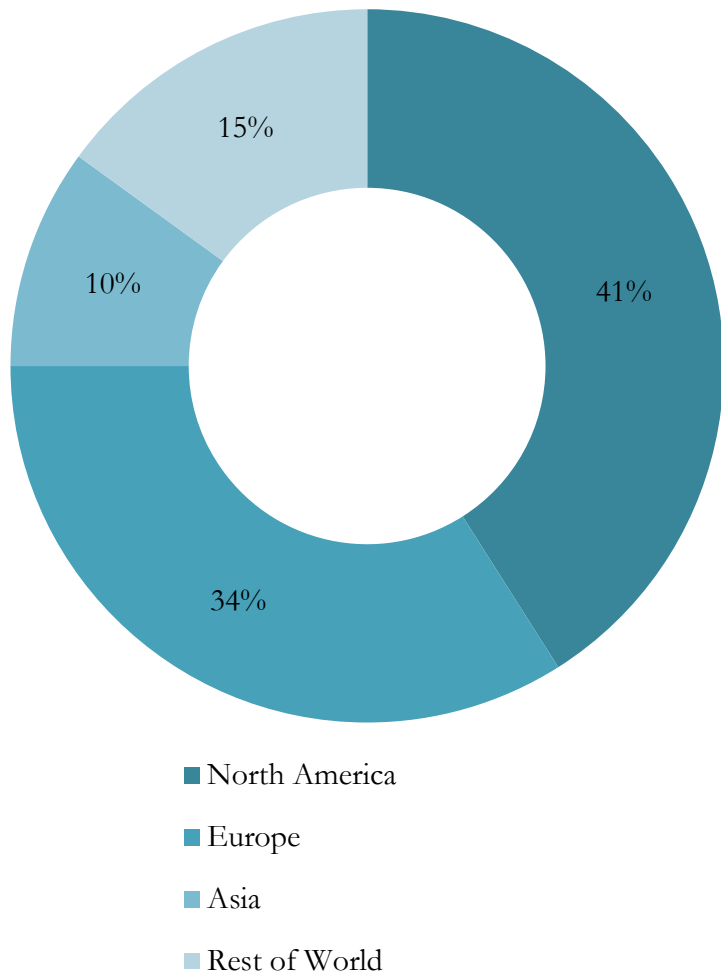
Source: Preqin Global Infrastructure Report

WHY USE INFRASTRUCTURE FUNDS?

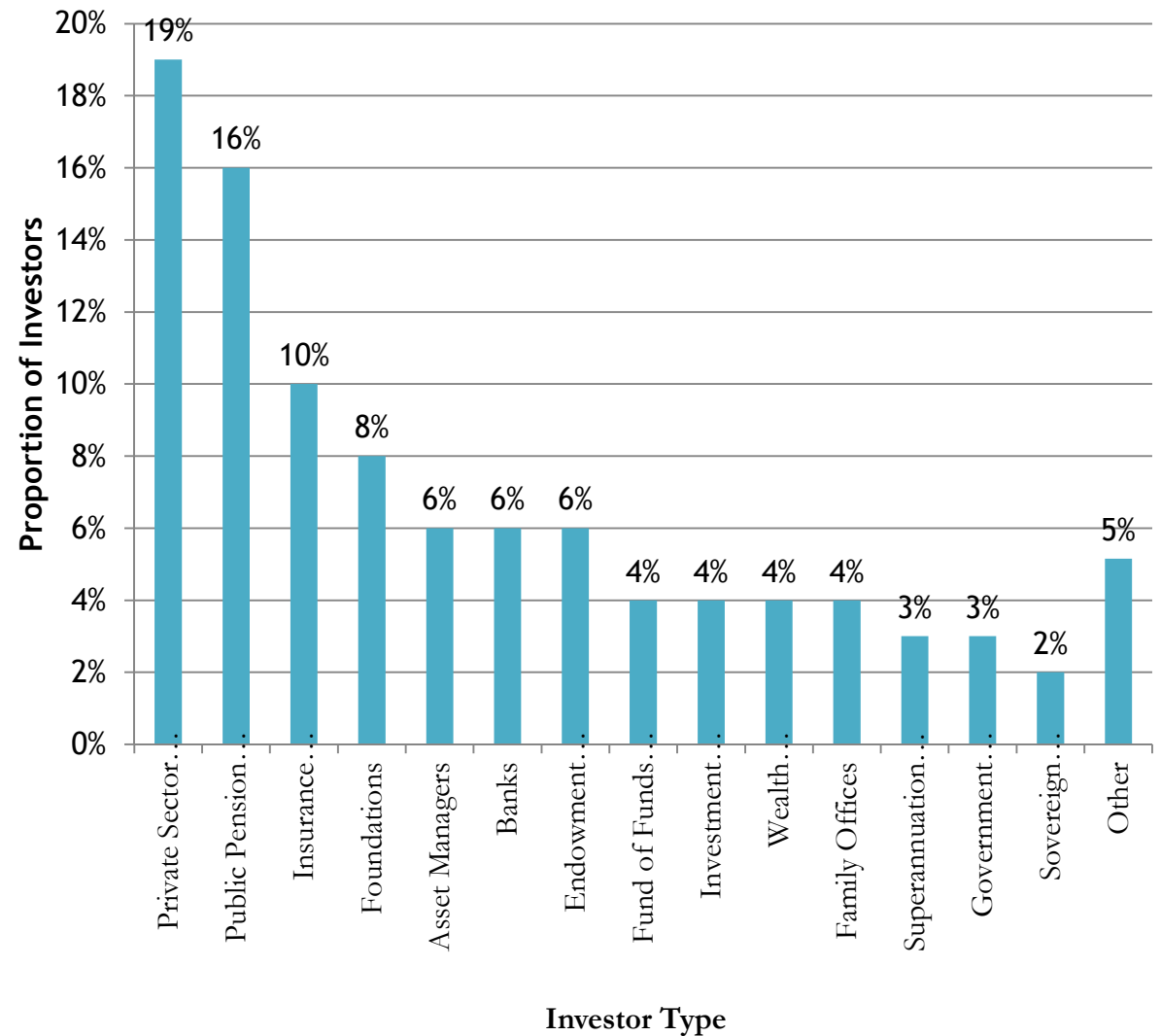
- Private infrastructure is still an inefficient market, which provides for active management opportunities
- Active management requires specialist skills, access, portfolio management
- Fund manager focus on value creation
- Investor considerations
 - Governance
 - Diversification
 - Limited internal resources and reach

WHO INVESTS IN INFRASTRUCTURE FUNDS?

Investors by Location



Investors by Type



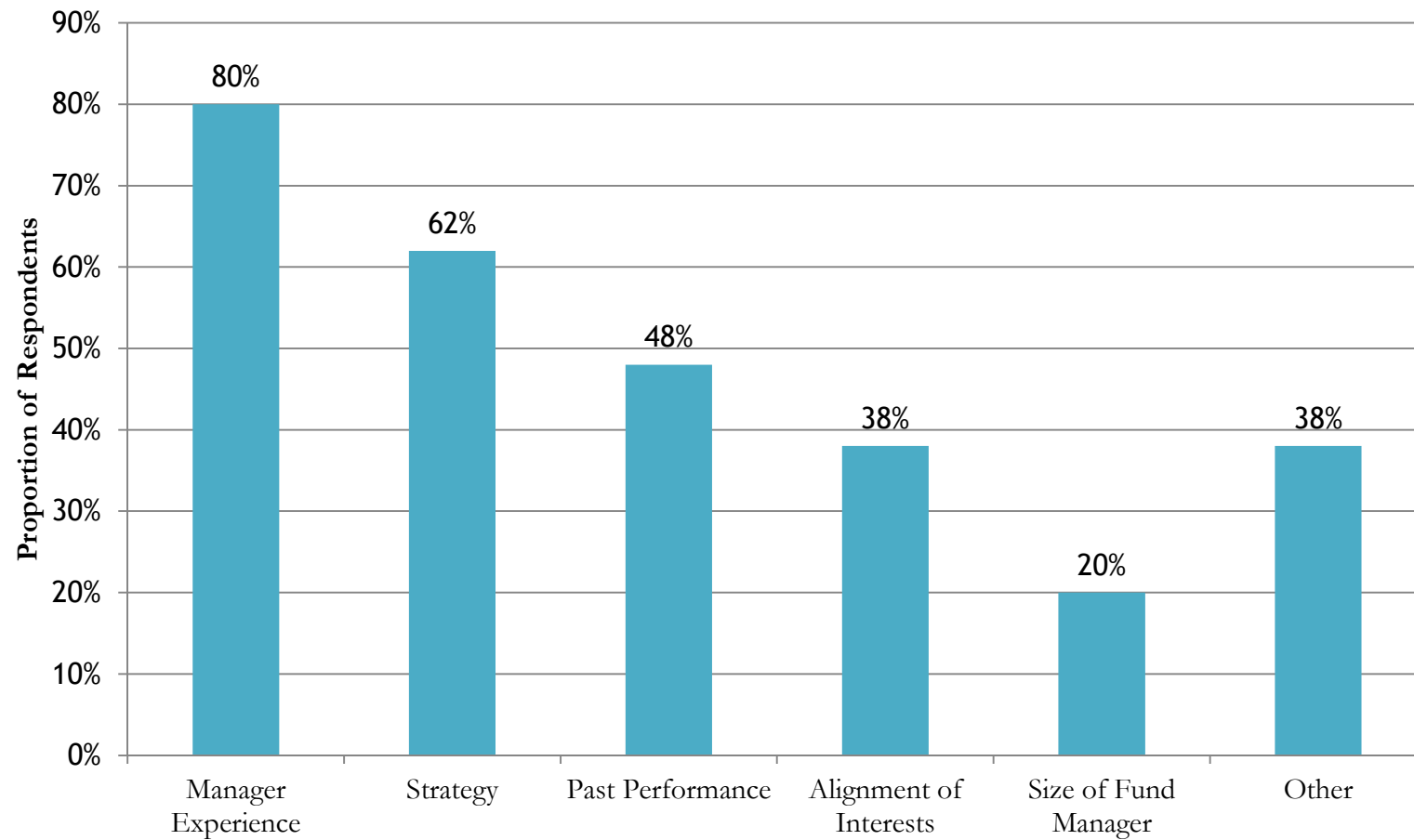
Source: Prequin Global Infrastructure Report

INFRASTRUCTURE FUNDS ARE INTRIGUING, BUT...

- You need to define the objectives for the infrastructure asset allocation
- Make sure that the objectives can be fulfilled by the investable universe
- Match your investment ambitions with your resources
- You should have sufficient industry knowledge and resources to due diligence fund managers and assess the proposed investment strategies
- Select managers that match your objectives
- Make sure that the interests are aligned
- Manage the portfolio

INFRASTRUCTURE FUNDS ARE INTRIGUING, BUT...

What do Infrastructure Investors look for per Preqin Survey:



Source: Preqin Global Infrastructure Report

THE IFC GLOBAL INFRASTRUCTURE FUND (“GIF”)

Fund Size

- Fund size of US\$1.2 billion

Co-investment with IFC

- 50% of every eligible IFC investment over \$20m is offered to GIF
- Formula for sharing among IFC AMC funds

Term & Return

- 12 years; 5 year investment period
- Target gross IRR of 18-20%

Regions

- Global focus covering all IFC regions

Sectors

- Power, transportation, logistics and storage, utilities and pipelines, telecommunication, urban infrastructure, infrastructure service companies

WHY DID INVESTORS INVEST IN GIF?

COST-EFFICIENT SCALE AND DIVERSIFICATION

- Proven ability to generate proprietary deal-flow in emerging markets globally
- Ability to build diversified global portfolio in a cost efficient manner

STRONG INVESTMENT TRACK RECORD

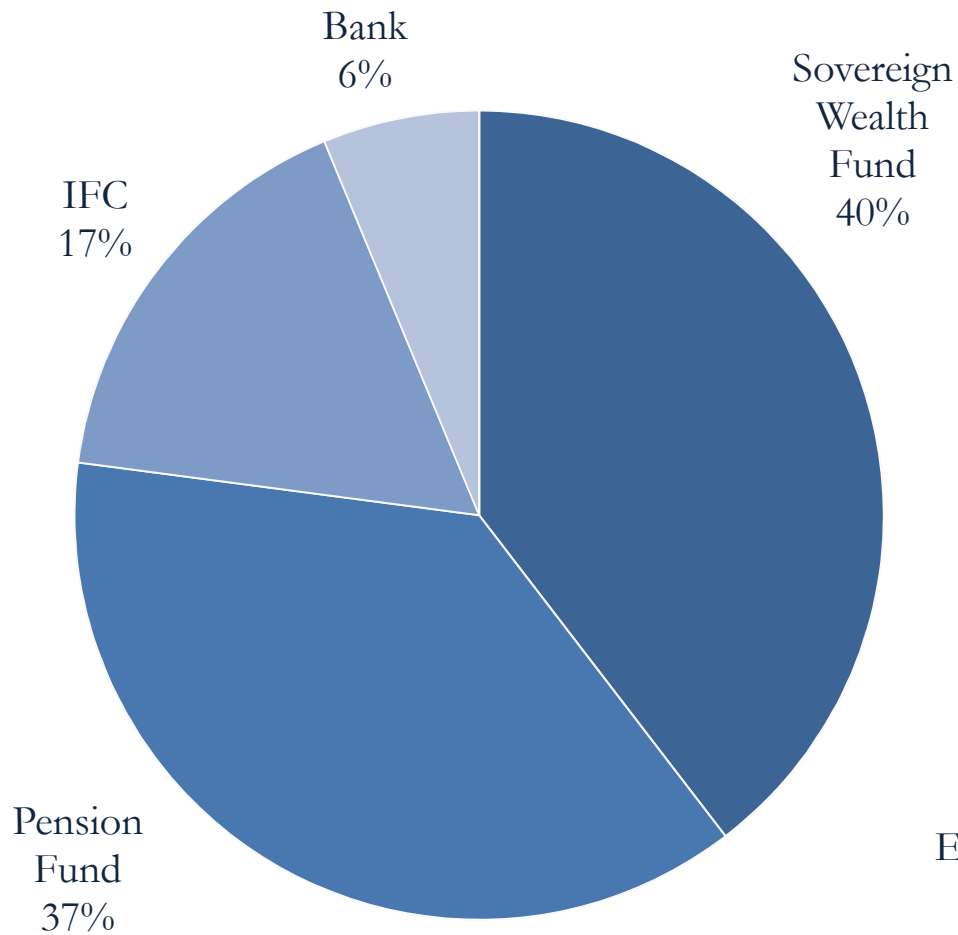
- Multiple of 2.1x achieved across 151 investments in GIF focus infrastructure sectors since 2002
- GIF investment sectors include power, transportation, utilities, telecoms, urban infrastructure and infrastructure service companies
- Ability to identify emerging investment themes early

DEPTH OF INDUSTRY AND COUNTRY KNOWLEDGE

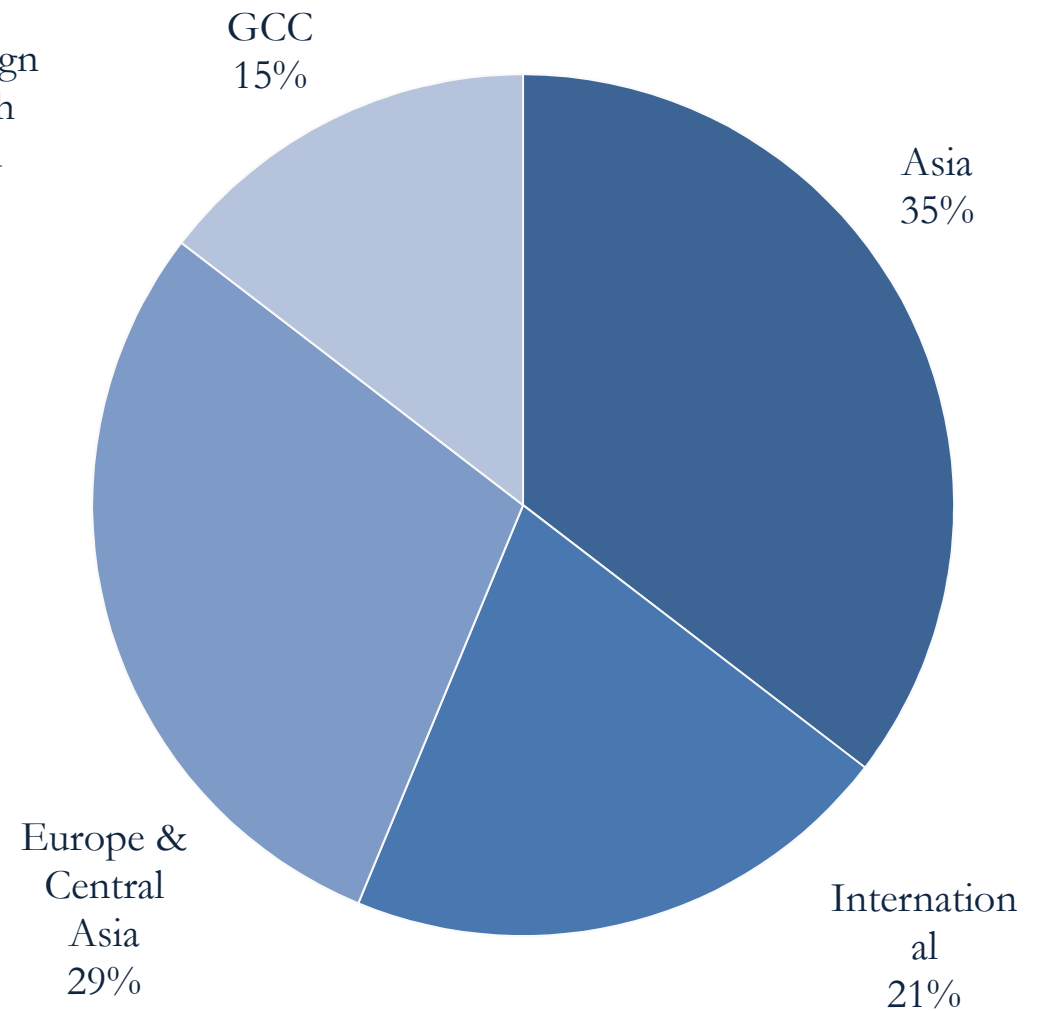
- IFC has over 100 offices in 85 emerging countries and approximately 190 dedicated infrastructure investment professionals in 20 countries
- In-house technical, environmental and legal experts
- The manager, IFC Asset Management Company, LLC (AMC), will have a dedicated fund team of senior infrastructure investment professionals

GIF INVESTORS

Breakdown by Investor Type



Breakdown by Region



Source: IFC AMC